

**IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
Richmond Division**

In re:

**HEALTH DIAGNOSTIC
LABORATORY, INC., et al.,**

Debtors.¹

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**Case No. 15-32919 (KRH)
Chapter 11**

**ORDER (A) CONTINUING THE HEARING ON THE MOTION OF THE
LIQUIDATING TRUSTEE FOR ORDER (I) AUTHORIZING THE TRANSFER OF
DEBTORS' PATIENT RECORDS TO METALQUEST, INC. AND (II) APPROVING
THE PROPOSED AGREEMENT BETWEEN THE LIQUIDATING TRUSTEE AND
METALQUEST AND (B) DIRECTING THE APPOINTMENT OF A CONSUMER
PRIVACY OMBUDSPERSON FOR THE PURPOSE OF REVIEWING THE PROPOSED
TRANSFER OF THE RECORDS**

In consideration of the *Motion of the Liquidating Trustee for Order (I) Authorizing the Transfer of Debtor's Patient Records to MetalQuest, Inc. and (II) Approving the Proposed Agreement between the Liquidating Trustee and MetalQuest* (the "**Motion**")² [Docket No. 5855]; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant

¹ The Debtors, along with the last four digits of their federal tax identification number, are Health Diagnostic Laboratory, Inc. (0119), Central Medical Laboratory, LLC (2728), and Integrated Health Leaders, LLC (2434) (referred to herein collectively as "HDL").

² Capitalized terms that are not defined in this Order have the meaning scribed to them in the Motion.

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*Counsel for Richard Arrowsmith, Liquidating
Trustee of the HDL Liquidating Trust*

to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and proper notice of the Motion having been provided to all necessary and appropriate parties; and for good and sufficient cause shown, **IT IS HEREBY ADJUDGED, ORDERED, AND DECREED THAT:**

1. The hearing on the Motion is **CONTINUED** to June 11, 2024, at 1:00 p.m. (eastern time); and it is further

2. **ORDERED** that the United States Trustee shall appoint a consumer privacy ombudsperson (the "**Ombudsperson**") pursuant to section 332 of the Bankruptcy Code; and it is further

3. **ORDERED** that the Ombudsperson shall file a report (the "**Report**") on or before **June 10, 2024**. The Report shall detail, in addition to any other determinations the Ombudsman may make, whether the transfer of the Records proposed by the Trustee under the terms of the Agreement attached as **Exhibit 1** to the Motion, adequately protects PHI in accordance with the Applicable Medical Records Laws; and it is further

4. **ORDERED** that the Ombudsperson may appear remotely,³ either by telephone or video conference, for the June 11, 2024 hearing; and it is further

5. **ORDERED** that the Ombudsperson shall submit a final invoice (the "Invoice") for its services to the United States Trustee and Liquidating Trustee for final approval within thirty (30) days of filing the Report; and it is further

6. **ORDERED** that if the Liquidating Trustee and/or the United States Trustee do not object to the Invoice within fourteen (14) days of its submission, then the Liquidating Trustee shall pay the Ombudsperson in the ordinary course of business; and it is further

³ Any person, including but not limited to the Ombudsman, seeking to participate remotely at the June 11, 2024, hearing should review the following information: <https://www.vaeb.uscourts.gov/hearings-appearing-remotely>.

7. **ORDERED** that if any party objects to the Invoice, then those objections will be heard at the next scheduled omnibus hearing; and it is further

8. **ORDERED** that, notwithstanding any Bankruptcy Rule to the contrary, this Order shall be immediately effective and enforceable upon its entry, and any applicable stay of this Order is waived; and it is further

9. **ORDERED** that this Court retains jurisdiction with respect to any of the terms contained in this Order and set forth in the Motion.

/s/ Kevin R. Huennekens

UNITED STATES BANKRUPTCY COURT JUDGE

6/6/24

Richmond, Virginia

Entered on Docket: 6/6/24

WE ASK FOR THIS:

/s/ Kollin G. Bender

Robert S. Westermann (VSB No. 43294)

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*Counsel for Richard Arrowsmith, Liquidating
Trustee of the HDL Liquidating Trust*

SEEN AND AGREED:

/s/ Kathryn R. Montgomery (by Kollin G. Bender with permission based on 5/29/24 email)
Kathryn R. Montgomery, Esq.
Office of United States Trustee
701 East Broad Street
Suite 4304
Richmond, Virginia 23219

United States Trustee

**CERTIFICATION OF ENDORSEMENT
UNDER LOCAL BANKRUPTCY RULE 9022-1(C)**

Pursuant to Local Bankruptcy Rule 9002-1(C), I hereby certify that the foregoing proposed order has been endorsed by or served upon all necessary parties.

/s/ Kollin G. Bender